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## Mexico

**Post:** Mexico

### President Calderon Hails Agricultural Growth

**Report Categories:**

Agriculture in the Economy

Food Security

Policy and Program Announcements

National Plan

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**Report Highlights:**

President Felipe Calderon told an audience of agricultural entrepreneurs that despite the world and domestic economic turmoil, Mexico's agricultural sector registered 3.2 percent growth in 2008. He noted that the agricultural sector registered 1.5 percent growth in the first quarter of 2009, and forecast a similar result would obtain for the second quarter. In June 2009, Mexican agricultural exports increased 5.43 percent compared to the previous month. However, Calderon stated the "El Niño" weather phenomenon is returning, meaning less rainfall and more limited water resources. He pointed out that the federal budget for the countryside in the last two years was increased approximately 50 percent.

**General Information:**

The National Agricultural Council (CNA) is the Mexico's leading private-sector agricultural organization, equivalent to an amalgamation of the American Farm Bureau Federation and major agribusiness industry groups. During the XXVI CNA Annual Meeting, held July 27, 2009, Mexican President Felipe Calderon delivered a 40-minute keynote address that included the following highlights:

Begin Quote:

A year ago, Mexico along with the rest of the world was suffering from a world food crisis. The incidence of increased prices during 2007-2008 represented a doubling of prices for some commodities, impacting the most vulnerable consumers. In Mexico, the 10 percent poorest population spends more than half of its income on purchases of food, and it saw its purchasing power dramatically decrease.

At that time the economy was forecast for over a 3-percent growth rate not only for 2008 but for 2009. But there was turmoil and consequently the world economic decline. For the first time in history the global GDP recorded a significant drop and is currently at recessionary levels. As of June 2009, there are indications that the economy contracted 9 percent. No doubt this is the most severe economic contraction in decades.

Despite the world and domestic economic turmoil, Mexico's agricultural sector registered 3.2 percent growth for 2008. Moreover, the sector registered 1.5 percent growth in the first quarter of 2009, with the same level of growth expected for the second quarter.

It is right to say that the agricultural sector was the only sector that registered growth, despite adverse conditions and a drop in exports. Thanks to an unexpected [level of] 196 MMT of food production, we are on track to achieve the government of Mexico (GOM) goal of surpassing 200 MMT by year's end.

Given the severe contraction of the economy, a 9-percent contraction year on year, formal employment only contracted 1.8 percent year on year. In Mexico we are registering positive growth rate of almost 20,000 new formal jobs, unlike the United States which is registering a decline of 600,000 jobs per month. This is an indicator which shows that a recovery is occurring.

For June 2009, Mexican exports of agricultural and livestock products increased 5.43 percent month to month or an annual growth rate of more than 5 percent compared to same time last year.

End Quote.

Furthermore, President Calderon pointed out that Mexico is facing and coping with insecurity and rising crime in the domestic arena and at the same time, dealing with the worst world economic recession of this century. "As if that were not enough, we faced a new deadly virus (H1N1) and now 'El Nino' is returning, meaning less rainfall and thus limited water resources. Nevertheless, we are going to make it!" Calderon stated.

Calderon reiterated that, despite the world economic crisis, food security is a state issue so it is vital for Mexico to expand its productivity. Calderon was appreciative of the Lower Chamber's and Senate's decisions to promote larger expenditures and investments in the countryside. For example, the budget outlined in the "*Programa Especial Concurrente [1]* (PEC)" increased from US \$11.7 billion in 2006 to US \$17.7 billion in 2009. The PROCAMPO [2] program increased 12 percent, now supporting 1.7 million small farmers — defined as owning 5 hectares or less—, who receive US \$491 compared to the US \$438 per hectare. Regarding the PROGAN [3] program, Calderon announced an expansion which will cover nearly 650,000 producers, which is 80 percent higher compared to the number of beneficiaries at the beginning of his administration.

Despite the harsh situation that rural credit had undergone for decades, President Calderon stated that during his administration agricultural credit has increased nationwide. Moreover, the Mexican Development Bank has extended US \$3.7 billion in credits to 2.5 million growers.

In light of the current economic turmoil, Calderon ended his speech asking CNA members to invest in the countryside, for a better Mexico.

<sup>[1]</sup> The *Programa Especial Concurrente para el Desarrollo Rural Sustentable* (PEC) has been constituted as one of the most important ruling elements of the agricultural and livestock policy. The PEC contains programs in rural development whose objective only focus on the rural sector. The 2008-2012 PEC program was presented on August 29, 2007.

<sup>[2]</sup> PROCAMPO (Program of Direct Supports to Rural Areas) was implemented in late 1993 to assist farmers during the NAFTA transition period. In 1994, Mexico, along with the United States and Canada, became a member of the NAFTA. Despite the end of the transition period, PROCAMPO continues.

<sup>[3]</sup> Program for the Stimulation of Livestock Productivity (PROGAN), a support program that provides funding for herd and genetic improvements to qualified cattle producers. implemented on March 10, 2008.